

Control, shall be deemed to authorize or validate any transaction effected prior to the issuance of the license, unless specifically provided in such license or authorization.

(b) No regulation, ruling, instruction, or license authorizes any transaction prohibited under this part unless the regulation, ruling, instruction, or license is issued by the Office of Foreign Assets Control and specifically refers to this part. No regulation, ruling, instruction, or license referring to this part shall be deemed to authorize any transaction prohibited by any provision of this chapter unless the regulation, ruling, instruction or license specifically refers to such provision.

(c) Any regulation, ruling, instruction, or license authorizing any transaction otherwise prohibited under this part has the effect of removing a prohibition or prohibitions contained in this part from the transaction, but only to the extent specifically stated by its terms. Unless the regulation, ruling, instruction, or license otherwise specifies, such an authorization does not create any right, duty, obligation, claim, or interest in, or with respect to, any property which would not otherwise exist under ordinary principles of law.

§ 537.503 Exclusion from licenses and authorizations.

The Director of the Office of Foreign Assets Control reserves the right to exclude any person, property, or transaction from the operation of any license, or from the privileges therein conferred, or to restrict the applicability thereof with respect to particular persons, property, transactions, or classes thereof. Such action shall be binding upon all persons receiving actual or constructive notice of such exclusion or restriction.

§ 537.504 Divestiture of U.S. person's equity investment in Burma.

Notwithstanding the prohibition in § 537.202 against the facilitation by a U.S. person of a foreign person's investment, all transactions related to the divestiture or transfer to a foreign person of a U.S. person's share of ownership including an equity interest in the economic development of resources lo-

cated in Burma are authorized. U.S. persons participating in such transactions valued at more than \$10,000 are required, within 10 business days after the agreement is signed, to file a report for statistical purposes with the Office of Foreign Assets Control, U.S. Treasury Department, 1500 Pennsylvania Avenue NW.—Annex, Washington, DC 20220.

NOTE TO § 537.504: This authorization includes arrangements by U.S. persons with pre-effective date investments in Burma to "farm in" or sell a stake in the investment to a foreign person. For purposes of this section, the term *farm-in arrangement* is defined to mean the sale of an equity interest in an investment in the economic development of resources located in Burma.

Subpart F—Reports

§ 537.601 Recordkeeping and reporting requirements.

For provisions relating to records and reports, see subpart B of part 501 of this chapter.

Subpart G—Penalties

§ 537.701 Penalties.

(a) Attention is directed to section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705) (the "Act"), which is applicable to violations of the provisions of any license, ruling, regulation, order, direction or instruction issued by or pursuant to the direction or authorization of the Secretary of the Treasury pursuant to this part or otherwise under the Act. Section 206 of the Act, as adjusted by the Federal Civil Penalties Inflation Adjustment Act of 1990 (Pub.L. 101-410, as amended, 28 U.S.C. 2461 note), provides that:

(1) A civil penalty of not to exceed \$11,000 per violation may be imposed on any person who violates any license, order, or regulation issued under the Act;

(2) Whoever willfully violates any license, order, or regulation issued under the Act shall, upon conviction, be fined not more than \$50,000, or, if a natural person, may be imprisoned for not more than 10 years, or both; and any officer, director, or agent of any corporation who knowingly participates in